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Commissioner
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Commissioner



STATE OF NEW JERSEY
Board of Regulatory Commissioners
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Celeste Fasone
Director

Office of Cable Television
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA FEDERAL EXPRESS OVERNIGHT MAIL

Hon. Donna R. Searcy, Secretary
Office of the Secretary
Federal Communications Commission
Washington, DC 20554

Re: In the Matter of

ET Docket No. 93-7

Implementation of Section 17
of the Cable Television
Consumer Protection and
Competition Act of 1992

Compatibility Between
Cable Systems and Consumer
Electronics Equipment

Dear Ms. Searcy:

Enclosed please find an original and 13 copies of the
reply comments of the Staff of the New Jersey Office of Cable
Television for filing in the above matter. We have included
copies for the Chairman, each Commissioner, Mr. Bruce Franca
and Mr. Alan Stillwell.

Kindly place the Office on the service list for this
docket.

Please return one copy marked "Filed" in the enclosed
addressed, stamped envelope.

Thank you for your consideration.

Very truly yours,

Celeste M. Fasone
Director

RBW/as

Enclosures

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BEFORE THE
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Reply Comments of the Staff of the State of
New Jersey, Office of Cable Television of
the Board of Regulatory Commissioners
on Notice of Inquiry

The Staff of the State of New Jersey, Office of Cable Television (hereinafter "NJOC-TV") of the Board of Regulatory Commissioners (hereinafter "Board"), respectfully submits the following comments to the Notice of Inquiry released by the Federal Communications Commission (hereinafter "Commission") on January 29, 1993. The Board has broad regulatory authority over cable television operations in the State of New Jersey pursuant to N.J.S.A. 48:5A-1 et seq., and is the franchising authority for New Jersey cable television systems.

The NJOCTV has extensive experience in the regulation of cable television companies in the State dating back to the Office's formation by Legislative act in 1972. The NJOCTV functions within the Board as a consumer protection agency in the public interest of the citizens of the State of New Jersey and balances the interests of the State's cable operators and their customers. The NJOCTV performs its consumer protection responsibilities by exercising the statutory functions permitted by Federal and State laws.

As a result of our experience in responding to and resolving consumer complaints regarding the cable television industry, we feel we are in a position to both comment on behalf of New Jersey cable subscribers and offer information based on extensive contact with the public. We are also aware of the technical considerations of cable operators in the State who will be required to comply with Section 17 and the other sections of the Cable Television Consumer Protection and Competition Act of 1992.

HISTORY

In the early 1980's, as the consumer electronics industry began to introduce "cable-ready" television receivers and VCR's, the NJOCTV staff began receiving increasing numbers of calls from subscribers with questions and concerns regarding their newly purchased cable ready equipment and its compatibility with their cable service. We

also began to hear many complaints regarding equipment being required by cable operators and charges being imposed by those operators for ancillary equipment which was purportedly necessary to accommodate the cable installation regardless of the cable ready equipment's new features. These early complaints mostly concerned cable systems in the State whose technical operating parameters made cable ready equipment unusable. For instance, not all versions of this early cable-ready equipment were capable of working with HRC or IRC¹ systems, and although scrambling and addressability were just being introduced, the application of the cable-ready designation was a misnomer which was already creating problems at an early stage.

Additional problems developed as systems advanced technologically and began to employ different techniques. It was evident to the NJOCTV that cable television industry goals were different from those of the consumer electronics industry and exclusive of the development of cable-ready equipment. The cable industry was moving swiftly towards technology which would require a converter, while television manufacturers were designing equipment with features clearly designed to offer expanded capabilities with direct connection to the cable service; that is a non converter

¹ HRC and IRC are designations which stand for "harmonically related carriers" and "incrementally related carriers". They are methods used by cable operators to improve distortion characteristics by offsetting frequencies.

environment. We were encouraged by the fact that even at that time, a joint engineering committee had been established by the Electronic Industries Association ("EIA") and the National Cable Television Association ("NCTA") to work

together on compatibility issues and seek a solution. Modern

franchising authorities to impose technical standards on cable operators beyond those adopted by the FCC.

Since the actions of Riverview were to have an adverse impact on subscribers, the Board felt obliged to hear those concerns. Then Board President Scott Weiner's comments during the hearings addressed the fact that "cable television operators - not just Riverview - in New Jersey, have the ability to exercise monopoly power, and they have that ability to exercise that right with regard to the delivery of programming".³ He also stated "When otherwise legitimate business interests of an enterprise clash with legitimate expectations of consumers, particularly in an environment where there is no competition, it is time, I believe, for government to seriously consider, and aggressively consider, two things: - regulation; and the promotion of competition."⁴ In 1990, beyond requiring clear tariffs and full disclosure on converter equipment, the Board found itself pre-empted from directly resolving the scrambling compatibility problems even in view of clear and compelling dissatisfaction and

compatibility between consumer electronics equipment and cable television/multi-channel video service providers.

CURRENT SITUATION IN NEW JERSEY

At the present time, we see an increasing amount of consumer frustration with each technological change made by cable operators. Of New Jersey's 48 cable systems, 44 are now using addressability to some degree. Within the State, alternate security methods are employed by both the addressable and non-addressable systems. Presently, these methods include positive and negative traps only. There are no operators at this time who are using off-premises addressability in New Jersey. One operator has scrambled all channels carried on the system, while the remaining 43 addressable systems have scrambled pay-per-view services, and a majority of premium services. We also find that an increasing amount of "cable programming" or tier services are also being scrambled.

Compatibility concerns raised by subscribers to these systems encompass the issues addressed by Congress in the 1992 Act. NJOCTV believes that if compatibility standards are not enacted to ease these concerns and eventually eliminate compatibility problems, the situation will deteriorate to unmanageable levels. Without an effective rulemaking to address these issues, the two paths being taken by the cable television and consumer electronics industries

variety of scrambling technology available, there is no guarantee that consumers may be buying a product compatible with their cable system. These problems must be addressed by the Commission.

II. Prohibit Scrambling of Basic Service

Limitations should be placed on scrambling of the basic tier until such time as an operator has met new compatibility standards. This would enable a consumer to receive some continued benefit from advanced features that they have become accustomed to in the interim. Such a limitation will not interfere with cable operator requirements to meet the anti buy-through provisions of Section 3 of the 1992 Act. We cite the NCTA's own comments in this regard: "NCTA submits that the basic service tier may legitimately be subject to more stringent compatibility requirements than those required for other levels of service." The NCTA further stated that "Heightened compatibility requirements seem more appropriate where subscribers decide to take only basic services and forego access to scrambled channels or other services to which access is controlled."⁵

⁵ Comments of The National Cable Television Association, Inc., p. 32 (filed March 22, 1993).

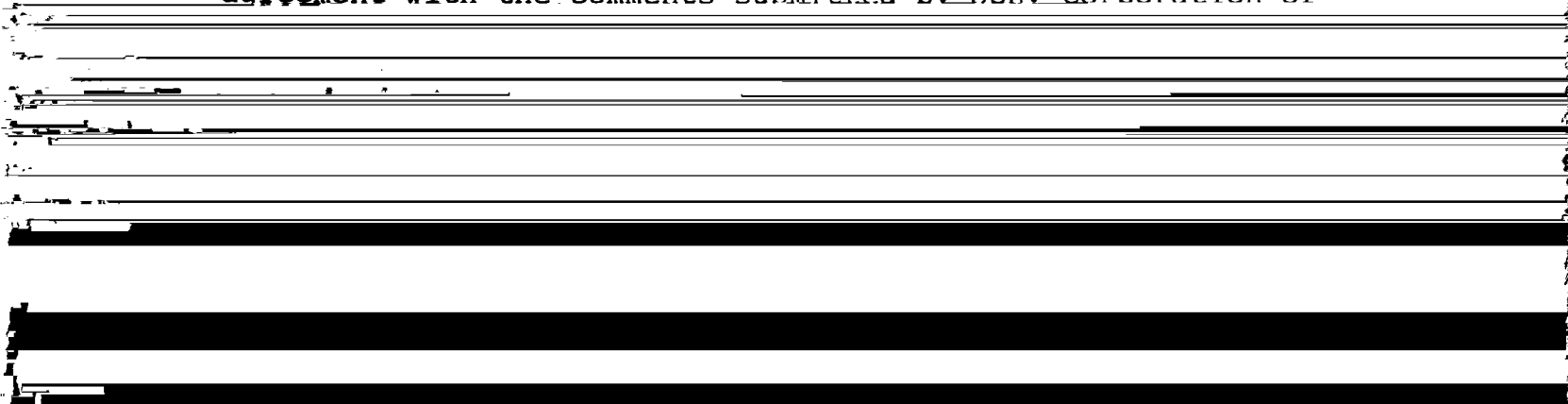
III. The "Cable-Capatable" Designation

The provision of an interface port or other standard technology as adopted, should be the only acceptable means of earning a "cable-ready" or "cable-compatible" designation. In this regard, we are in agreement with the comments submitted by the NCTA.⁶ The continued bandwidth expansion (channelization) of cable television systems makes the application of a standard for available number of channels for consumer equipment to carry a "cable-ready" or "cable-compatible" designation unfeasible. The availability of 500 channels or more might be seen by some systems as early as 1994. To carry such a label will mislead consumers who will then feel cheated when, once again, their equipment is not capable of receiving this amount of channels.

IV. Adoption of Standards for Compatibility.

We feel that meaningful compatibility standards must be enacted immediately to begin improving compatibility.

1. Adoption of Standard Infrared ("IR") Codes for Remote Control Transmitters and Receivers. We are in agreement with the comments submitted by Sony Corporation of



infrared codes. We feel that an improvement on this standardization plan would be the addition of standards for devices to be used by competing multi-channel video programming distributors. We also suggest a set of two codes to be assigned for each function of a given device. This would allow for the use of two similar devices by a consumer (i.e. two VCR's), without affecting both at the same time. This might be accomplished by an IR code selection switch built into each device (a simple A/B slide switch).

We are also in full agreement with the Congressional intent of Section 624A(C)(2)(E) of Section 17 of the 1992 Act, which specifies that operators shall be prohibited "from taking any action that prevents or in any way disables the converter box supplied by the cable operator from operating compatibly with commercially available remote control units". We also agree with the Commission's conclusion that equipment used to receive the basic service tier includes remote controls, the price of which shall be based on actual cost.⁸ For this reason, we encourage the Commission to enforce 624A (C)(2)(E) to the fullest extent and disallow any charges by a system whose capabilities allow it to enable remote control function by simple computer terminal entry.

⁸ Summary of Cable Rate Regulation Report and Order, MM Docket No. 92-266, p. 7, ¶ 38.

2. Adoption of an Interface Standard. NJOCTV staff agrees that an interface device between cable company and consumer owned equipment would be a simple, long term, cost-effective solution to the following consumer problems of (1) watching one program while taping a different program; (2) consecutive taping of programs on different channels; and (3) using advanced television picture generation and display features. The NCTA/EIA endorsed standard ANSI/EIA 563.x Decoder Interface Connector⁹ (or updated version as required) would serve to achieve all three of these goals and we recommend that it be given serious consideration.

Other methods discussed by commentators may also meet all of the requirements. Particularly of interest to us are the comments by Zenith Electronics Corporation¹⁰, which proposed a compatability solution that not only separates the descrambling function from the television, but modularize the television tuner as well, which could accomodate future bandwidth expansion and possibly digital technology.

⁹ A connector port mounted on the exterior of a television receiver or VCR resembling a computer interface port. Sometimes called "multiport".

¹⁰ Comments of Zenith Electronics Corporation, p. 9 (filed March 22, 1993).

Comments provided by Cablevision Industries Corporation¹¹ and Tele-Communications, Inc.¹² regarding the use of converters with RF bypass circuitry and two built-in descramblers would not seem to offer even a short term

V. Adoption of Standards to Assure Compatibility of

to the fast passed technological changes that occur in the industry. Finally, standards for broadband descrambling should be chosen and adopted when the technology is fully developed but before it is introduced to the market.

CONCLUSION

The NJOCTV supports the actions of the Commission in developing standards to assure a greater degree of compatibility between cable television system equipment and consumer electronics. As an experienced regulatory and franchising authority in the State of New Jersey serving over 2 million cable subscribers and working with 48 separate cable systems, we hope that our comments have been helpful in the eventual formation and adoption of technical standards, and respectfully recommend the Commission adopt rules for cable/consumer electronics equipment consistent with the comments herein.